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ABSTRACT

This document reviews the results of a study of five Ohio Supreme Court cases concerning the equalization of property assessments among the various classes of real property: commercial, industrial, residential, and agricultural. Each of the decisions--occurring between 1964 and 1980, and involving the Park Investment Company--is briefly summarized with respect to its effect upon property assessment and taxation at the state level (determined through analysis of sales ratio studies). Each case also is discussed in terms of its effect on Richland County (Ohio) and, specifically, on the Mansfield school district in Richland County. In all cases, the court had difficulty in implementing its concept of property equalization because of the complexities of the problem and such political and financial implications as the required implementation by either the state legislature, the General Assembly, or the Board of Tax Appeals. Seventeen tables are included, and 42 footnotes are appended. (IW)

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THE EFFECTS OF FIVE OHIO SUPREME COURT DECISIONS (1964-1980) INVOLVING THE PARK INVESTMENT COMPANY ON PROPERTY ASSESSMENT AND TAXATION FOR OHIO PUBLIC SCHOOLS

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THE EFFECTS OF FIVE OHIO SUPREME COURT DECISIONS (1964-1980) INVOLVING THE PARK INVESTMENT COMPANY ON PROPERTY ASSESSMENT AND TAXATION FOR OHIO PUBLIC SCHOOLS

INTRODUCTION

Throughout the history of the state of Ohio, the issue of property assessment and taxation has received a great deal of attention. For example, the section of the Ohio Constitution dealing with this issue was amended five times between 1851 and 1964. Property assessment and taxation has also been the topic of much debate during three Ohio Constitutional Conventions held during this same period of time.(1) Throughout this era, numerous special interest groups played significant roles in determining who was going to pay property taxes and in what amount. As one author noted, "our taxes reflect a continuing struggle among contending interests for the privilege of paying the least".(2) The issue of property assessment and taxation has also been of special interest to educators throughout Ohio's history. According to an Ohio educator, "The local property tax is the backbone of most school budgets, as the major income for Ohio schools comes from this source."(3)

Table 1 (4) on the next page illustrates the percentage of property taxes distributed to local subdivisions for the years 1915 - 1965. The percentage distributed to schools, for example, nearly doubled between 1915 and 1965 from 34.33 percent to 68.52 percent while all other categories declined.

TABLE 1

PERCENTAGE OF PROPERTY TAXES DISTRIBUTED TO LOCAL SUBDIVISIONS, TAX YEARS 1915-1965
(INCLUDES ONLY THOSE TAXES LEVIED BY UNIFORM RATE)

YEAR	STATE	COUNTIES	TOWNSHIPS	SCHOOLS	MUNICIPALITIES	TOTAL
1915	3.63	24.20	7.71	34.83	29.63	100.00
1916	3.38	24.32	8.59	34.40	29.31	100.00
1917	3.37	23.84	8.04	35.58	29.17	100.00
1918	3.29	23.33	8.08	35.99	29.31	100.00
1919	4.23	22.97	7.80	38.60	26.40	100.00
1920	11.95	21.14	6.19	35.14	25.58	100.00
1921	5.00	19.86	5.96	42.23	26.95	100.00
1922	7.08	18.72	5.93	42.17	26.10	100.00
1923	1.41	20.15	5.91	45.42	27.11	100.00
1924	1.30	19.82	5.88	45.80	27.20	100.00
1925	1.21	20.28	5.32	44.89	28.30	100.00
1926	1.21	20.04	5.24	45.19	28.32	100.00
1927	3.89	20.02	4.81	44.09	27.19	100.00
1928	1.16	20.12	4.87	46.77	27.08	100.00
1929	2.03	20.65	4.53	46.32	26.47	100.00
1930	1.78	20.23	4.32	46.70	26.97	100.00
1931	.90	20.10	3.82	46.56	28.62	100.00
1932	-	19.51	3.67	47.76	29.06	100.00
1933	-	20.05	3.62	46.95	29.38	100.00
1934	-	20.45	3.29	42.99	33.27	100.00
1935	-	19.68	3.08	43.63	33.61	100.00
1936	-	19.39	3.20	44.26	33.15	100.00
1937	-	18.25	3.16	45.75	32.84	100.00
1938	-	17.82	3.09	45.78	33.31	100.00
1939	-	18.17	2.93	44.67	34.23	100.00
1940	-	17.95	2.88	45.12	34.05	100.00
1941	-	17.82	2.90	44.92	34.36	100.00
1942	-	17.96	2.83	44.20	35.01	100.00
1943	-	17.85	2.87	44.97	34.31	100.00
1944	-	17.77	2.91	45.77	33.55	100.00
1945	-	17.39	3.01	46.35	33.25	100.00
1946	-	16.10	2.80	48.94	32.16	100.00
1947	-	15.35	2.72	51.28	30.65	100.00
1948	-	15.07	2.80	52.13	30.00	100.00
1949	-	15.08	2.86	53.17	28.89	100.00
1950	.88	14.69	2.84	54.52	27.07	100.00
1951	1.65	14.01	2.72	55.16	26.46	100.00
1952	1.28	13.45	2.74	56.77	25.76	100.00
1953	1.25	13.32	2.77	58.57	24.09	100.00
1954	.79	13.33	2.84	60.01	23.03	100.00
1955	.77	13.09	2.73	60.82	22.59	100.00
1956	.73	12.84	2.78	62.05	21.60	100.00
1957	2.09	13.02	2.68	62.26	19.95	100.00
1958	1.68	13.23	2.63	62.93	19.53	100.00
1959	1.31	13.37	2.67	63.18	19.47	100.00
1960	.62	13.52	2.63	64.36	18.87	100.00
1961	.60	13.07	2.62	65.56	18.15	100.00
1962	.58	12.68	2.54	66.39	17.81	100.00
1963	.57	12.73	2.51	66.58	17.61	100.00
1964	.55	12.55	2.47	67.86	16.57	100.00
1965	.53	12.00	2.45	68.52	16.50	100.00

Source: Ohio Department of Taxation, Board of Tax Appeals, Division of County Affairs.

Since 1964, property assessment and taxation has continued to be of great concern to the people of Ohio. In that year the Ohio Supreme Court, in the case of State ex rel. Park Investment Company v. Board of Tax Appeals ,(5) set in motion a series of events that have changed property assessment and taxation in Ohio.(6) These changes, however, have not been without controversy. For example, in the ten years immediately following Park One, January 1964, the Ohio Supreme Court twice had to declare unconstitutional, legislation passed by the General Assembly. These legislative acts were enacted as a result of Park Two (1968) and Park Three (1971), and were to somewhat modify the court's directives.(7) The effects of Park Investment One did not end there, but were still being felt more than fifteen years later and have been projected to continue. (8)

The objective of this paper will be to summarize the results of a study:

THE EFFECTS OF FIVE OHIO SUPREME COURT DECISIONS (1964 - 1980) INVOLVING THE PARK INVESTMENT COMPANY ON PROPERTY ASSESSMENT AND TAXATION FOR OHIO PUBLIC SCHOOLS .

Each Park decision will be briefly summarized with emphasis on its effect upon property assessment and taxation at the state level through analysis of sales ratio studies. A second objective of each section, will be to focus on one of Ohio's eighty-eight counties, Richland, throughout the period of the Park decisions (1964-1980), and ultimately to analyze the effect of each Park decision on locally generated property taxes within one school district, the Mansfield City Schools.

An understanding of the context of this study is important

for, not only educators, but for citizens of Ohio as well. As has been previously stated, knowledge of the effects of the Park decisions on property assessment and taxation is crucial to an understanding of how schools are funded in Ohio. To be specific, approximately one half of all financial support for Ohio public schools are voted on at the local school district level in the form of property taxes. (9)

The following information presents a brief overview of the five Park Investment cases decided by the Ohio Supreme Court. The basic issue the court had to address, in all the Park cases, concerned the equalization of property assessments among the various classes of real property: commercial, industrial, residential, and agricultural property. The court had a great deal of difficulty in implementing its concept of property equalization because of the complexity, and the political and financial implications of the problem. For example, each court decision required implementation by either the state legislature, the General Assembly, or a state agency, the Board of Tax Appeals. (10)

REVIEW OF FIVE PARK INVESTMENT DECISIONS

PARK ONE - JANUARY 23, 1984

The Park Investment Company, a commercial property owner in Cuyahoga County, claimed that real property throughout the county was not being assessed, and thus taxed, on the basis of the "uniform rule" requirement of the Ohio Constitution. Commercial property was, within Cuyahoga County, assessed at almost fifty percent of its market value or selling price, while other classes of real property were assessed

at about thirty-five percent of their market value. This situation was not unique to Cuyahoga County, but was quite common throughout the state.(11) The Ohio Supreme Court, essentially agreed with Park, which resulted in the Board of Tax Appeals ordering a fifteen percent reduction in each parcel of commercial and industrial property throughout Cuyahoga County.(12)

Table 2 represents the total aggregate value of real property as first submitted to the Board of Tax Appeals, then as revised.

TABLE 2

REAL PROPERTY ABSTRACT -CUYAHOGA COUNTY

	ORIGINAL	REVISED	NET CHANGE
AGRICULTURAL	$1,144,160	1,144,160	0
RESIDENTIAL	$2,441,027,110	2,441,027,110	0
COMMERCIAL	$1,361,883,520	1,157,600,990	-204,282,530 (-15%)
INDUSTRIAL	$ 555,049,190	471,791,810	- 83,257,380 (-15%)
TOTAL	$4,359,103,980	4,071,564,070	-287,539,910

The immediate impact of Park One then, as a result of lowered commercial and industrial property valuation, was a decrease in taxes collected throughout Cuyahoga County.(13)

PARK TWO - DECEMBER 24, 1968

As a result of Park One, commercial property owners, in a series of court cases, sought to reduce their property assessments further, and thus achieve significant tax reductions. Their arguments, not only helped to clarify and extend the original decision of Park One, but ultimately led to Park Two.(14)

Park Investment was again before the Ohio Supreme Court claiming that the Board of Tax Appeals had failed to perform its duties under Ohio law which required that assessment of real property for taxation be made by an equal and uniform rule. Although its property assessment had been reduced to approximately the average or common level of assessment for Cuyahoga County, Park was now asking for a further tax reduction based primarily on the lower statewide average or common level of assessment.(15) The Ohio Supreme court, again agreed with Park, by stating that all real property must be assessed by a statewide common level of assessment and that it would no longer permit differences between counties. The court, however, gave no practical guidance to the Board of Tax Appeals on how to achieve this goal of statewide uniformity.(16) The Cleveland Plain Dealer, summed up the feelings of many people as follows:

> "So as the Board of Tax Appeals wrestles with its problems, county auditors and taxpayers can hold their breath. Only the seven judges of the Ohio Supreme Court seem unruffled by all the trouble they have caused."(17)

PARK THREE - JUNE 2, 1971

Park Three, "is perhaps the clearest expression of the court's

command to establish statewide uniformity".(18) In this case, Park sought to have the Board of Tax Appeals adjudged in contempt for failing to comply with the Supreme Court's ruling in Park Two.

The Board of Tax Appeals, as a result of Park Two, had proposed a uniform statewide assessment rule, in which all property was to be assessed at the same percent of its market value or selling price. The precise percentage was to be adopted from several alternatives ranging from thirty-eight to forty-two percent after a public had been held. The Ohio General Assembly, however, enacted legislation that suspended the power of the Board of Tax Appeals and as a result, implementation of Park Two until 1972. The bill, in effect, suspended the power of the Board of Tax Appeals to enact a statewide uniform assessment value until the year 1972. The Board of Tax Appeals then took no further action on its proposed uniform assessment rule. The Ohio Supreme Court, in Park Three, ruled that this legislation violated the Ohio Constitution and was invalid. The court held that the Board of Tax Appeals was still bound to carrying out the mandate of Park Two which was to establish a common level of assessment througout the state.(19)

PARK FOUR - NOVEMBER 15, 1978

The Board of Tax Appeals and the Ohio General Assembly were again locked in a conflict shortly after Park Three. The Board of Tax Appeals wanted all real property for the 1972 tax year to reflect a uniform assessment rate of thirty-five percent. The General Assembly, on the other hand, approved legislation that provided for staggered

implementation of statewide uniform assessment over a six year period from 1972 to 1977. The conflict was resolved when the Board of Tax Appeals essentially followed the will of the legislature. Needless to say, Park again went before the Ohio Supreme Court, requesting that the Board of Tax Appeals be held in contempt of court for failing to carry out the mandate of Park Two. The court reversed itself from its previous Park Three decision, and gave its approval of the staggered implementation plan of the General Assembly for the statewide uniform assessment.(20)

> "Park Investment Four thus can be understood as representing a 'great compromise' in the Park Investment story wherein the legislature was allowed to determine the precise procedure for implementing substantive principles declared by the Supreme Court."(21)

PARK FIVE - APRIL 2, 1980

The staggered implementation of statewide uniform assessment had not been accomplished without a great deal of turmoil. The "great compromise", as Park Four had been described, led to the property tax revolt of 1976.(22) The tax revolt resulted in legislation to lessen the impact of the Park Investment decisions and to stop unvoted property taxes as a result of increased property assessments. By 1979, however, it was clear that the legislation had shifted the tax burden further to the residential - agricultural class in a discriminatory manner and away from the commercial - industrial class.(23) To be even more emphatic, "The result is that the residential taxpayer's increase is directly subsidizing the commercial taxpayer's decrease with the local governmental units enjoying no tax

benefit".(24)

In the midst of this shifting tax base, it was surprising to note that Park was again before the Ohio Supreme Court in what became Park Five. In this case, Park sought an order from the court to prevent the application of an additional two and a half percent property tax reduction to all homesteads who qualified. The property tax reduction had been previously granted by the General Assembly.

> "The central issue of Park Investment Five,....was the constitutional authority of the General Assembly to provide for a lower tax for certain types of real estate by way of exemption or as in this instance, partial exemption of real estate taxes."(25)

The court, in a four to three decision, upheld the right of the General Assembly to make such an exemption.

Following Park Five, the General Assembly proposed a constitutional amendment for property tax reform which classified property into two categories, residential - agricultural and commercial - industrial. The tax reform amendment would allow for property tax relief through the application of a tax credit by class or category of real property. The amendment was passed by the voters and subsequent legislation was approved in 1981 to implement its provisions. This legislation had, as its goal, to rectify the tax shift that resulted from the aftermath of the Park Four decision.(26)

Based on the overview of the five Park Investment decisions, the issue of equalization of property assessment and taxation in Ohio initiated with Park One in 1964, was still being implemented seventeen

years later in 1981.

STATISTICAL DATA CORRELATED WITH SPECIFIC PARK DECISIONS

With the first Park decision of January, 1964, just how successful were the attempts to equalize property assessment and taxation among the various classes of real property? The answer lies in analyzing sales ratio studies between each Park decision at the state, county and finally school district level.

PARK ONE JANUARY 22, 1964 - DECEMBER 24, 1968

Table 3 (27) on the next page illustrates the distribution of state sales ratios averages by class of property for the years 1961 through 1969. It is interesting to note that no sales ratio studies were apparently conducted for the years 1964, 1966, and 1967.(28)

TABLE 3

DISTRIBUTION OF STATE AVERAGE SALES RATIOS, BY CLASS OF PROPERTY, SELECTED YEARS, 1961 - 1969

Sales Year	Agricultural over 30 acres	Agricultural Total	Agricultural Under 30 acres	Commercial	Residential	Total Improved	Industrial	Vacant	All Classes
1961		33.67%		43.93%	38.71%	38.85%		24.41%	37.90%
1962		33.59		44.77	39.45	39.51		24.92	38.65
1963		34.04		41.50	39.78	39.54		26.96	38.78
1964*		*		*	*	*		*	*
1965		31.13		40.71	38.63	38.28		26.49	37.57
1966*		*		*	*	*		*	*
1967*		*		*	*	*		*	*
1968		25.22		35.11	34.28		39.97		33.93
1969	26.15		24.53	33.91	32.37		40.54		32.38

* Data not available

The sales ratio averages over the period from 1961 through 1968 indicate a generally downward trend in the statewide average of all real property as well as for most classes of real property. It is interesting to note that commercial property declined 9.66 percent, from a high of 44.77 percent in 1962 to a low of 35.11 percent in 1968, more than any other class of property. The average for all classes of real property, however, declined only about half that amount, 4.85 percent during this same period of time.

Table 4 (29) illustrates the distribution of Richland County sales ratio averages by class of property for the years 1961 through 1969. Similar to the state sales ratio averages during this period, the data for Richland County reflect a general downward trend in the average of all real property as well as for most classes of real property. The decline, however, was not as great for Richland County as it was for the state as a whole. The state sales ratio average

dropped 4.85 percent from a high of 33.78 percent in 1963 to a low of 33.93 percent by 1968, while the sales ratio average for Richland County dropped 3.54 percent from a high of 36.84 percent in 1965 to a low of 33.30 percent by 1968. Richland County also paralleled the state in that although the county wide averages of the various classes of real property declined during this period, differences still existed among them.

TABLE 4

DISTRIBUTION OF AVERAGE SALES RATIOS FOR RICHLAND COUNTY BY CLASSES OF PROPERTY SELECTED YEARS 1961-1969

Sales Year	Agricultural over 10 acres	Agricultural Total	Agricultural Under 10 acres	Commercial	Residential	Total Improved	Industrial	Vacant	All Classes
1961		33.80%		35.63%	36.22%	36.01%		24.93%	35.49%
1962		29.98		33.01	37.20	36.33		22.29	35.88
1963*		34.05		34.24	36.85	36.54		21.73	36.00
1964									
1965		28.45		41.23	37.79	37.35		24.01	36.84
1966									
1967									
1968		24.90		28.61	34.70		13.97**		33.30
1969*	23.68		21.08	30.59	32.97		53.33**		32.34

* County reappraisal values not reflected in sales ratios
** 25 sales or less in group
Blank spaces indicate no data available

Table 5 (30) illustrates the distribution of Mansfield's sales ratio averages by class of property for the years 1962 through 1968. Although the city wide sales ratio averages declined similar to Richland County and the state of Ohio from 1962 - 1968, differences still existed among the various classes of real property within the city, again similar to Richland county and the state of Ohio.

TABLE 5

DISTRIBUTION OF AVERAGE SALES RATIOS FOR MANSFIELD BY CLASSES OF PROPERTY, SELECTED YEARS 1962-1968

Sales Year	Agricultural			Commercial	Residential	Total Improved	Industrial	Vacant	All Classes
	over 30 acres	Total	Under 30 acres						
1962		**		34.03%*	39.02%	38.97%*		36.97%*	38.63%
1963		**		36.54 *	38.69	38.50		22.10 *	37.84
1964									
1965		**		42.67	40.67	40.86		28.08	40.54
1966									
1967									
1968		9.50*		36.46	37.55		**		37.38

* 25 sales or less in group
** no sales recorded
Blank spaces indicated no data available

One problem in making comparisons from the sales ratio studies for Mansfield is the lack of any recorded sales of property for the agricultural property class for 1962, 1963, and 1965. Even during 1968, only one sale of property was recorded in this category. The same situation also existed for the industrial property class, first recorded as of 1968 by the Division of County Affairs. In Mansfield, for example no sales were recorded during 1968 in this class.

With this in mind, Table 6 (31) presents sales ratio study comparisons among Mansfield, Richland county, and the state of Ohio for the year 1968. The year 1968 was selected because it should be able to illustrate the impact of Park One, in equalizing property assessments over the four year period leading to Park Two.

TABLE 6

SUMMARY OF SALES RATIOS BY CLASSES OF PROPERTY FOR 1968

	Agriculture	Commercial	Residential	Industrial	Total
Mansfield	9.50%*	36.46%	37.55%	**	37.38%
Richland County	24.90	28.61	34.70	13.97*	33.38
State Average	25.22	35.11	34.28	39.97	33.93

* 25 sales or less in group
** no sales recorded

From a comparison of the above data, it is obvious that Park One had not achieved an equalization of property values among the various classes of real property by 1968. Mansfield's commercial property was valued at 7.85% more that Richland County's, while a difference of 3.27% existed between Mansfield and the state of Ohio in the residential class of property.

This analysis of Park One has so far focused on its impact on sales ratio studies. Yet to be considered are the tax dollars generated from the property valuation procedures. Based on the data provided, with specific focus on the Mansfield City School District, what were the property tax dollars generated? Table 7 (32) illustrates the millage rate applied to the real property valuation for the Mansfield City School District and the resulting tax dollars produced for the years 1962 through 1968.

TABLE 7

PROPERTY TAX REVENUES FOR THE MANSFIELD CITY SCHOOLS 1962 - 1968

Year	Real Property Valuation (a)	Mills	Taxes Produced
1962	$111,118,690	28.20	$3,503,748
1963**	113,607,740	28.00	3,556,440
1964	115,743,430	* 30.20	3,919,247
1965	117,809,090	30.20	3,986,754
1966	118,442,610	30.20	4,011,956
1967	119,465,220	* 35.60	4,775,363
1968	120,697,760	35.50	4,836,175

* Additional millage through passage of school levy
** Reappraisal

Just as property valuation increased from 1962 through 1968, so did the tax rate, expressed in mills, and the resulting tax revenues. However, upon closer examination, some important comparisons are noteworthy.

Table 8 converts the data from Table 7 into percent of increase or decrease with the exception of the millage rate which continues to be expressed in mills.

TABLE 8

PROPERTY TAX REVENUES FOR
THE MANSFIELD CITY SCHOOLS 1962 - 1968

Year	Real Property Tax Valuation	Mills	% increase in taxes
1962	- .5%	28.20	- 1.4%
1963**	2.2	28.00	1.5
1964	1.9	*30.20	10.2
1965	1.8	30.20	1.7
1966	.7	30.20	.6
1967	.7	*35.60	19.0
1968	1.0	35.50	1.3
Percentage of increase from 1962-1968	8.6%	25.9%	38.0%

* additional millage through passage of school levy
** reappraisal

While real property valuations increased by only 8.6 percent from 1962 through 1968, the tax revenues produced increased by 38 percent, nearly four and a half times faster. These increases, however, were the result of the passage of two school levies in the Mansfield School District in 1964 and 1967, and not to the impact of Park One. These school levies thus increased the millage 25.9 percent during this period of time. Ohio law had,

> "provided for a reduction in 'voted' tax miliage in the same proportion in which the total valuation of property in a taxing district was increased by certain reassessments or reappraisals over the total valuation of the year preceding the reassessment or reappraisal".(33)

Translated into dollars, in the six year period from 1962 to 1968, real property taxes jumped $1,332,427.32 in the Mansfield City School District as a result of the increased millege.

In reviewing the effect of Park One on property assessment and taxation in Ohio, while the sales ratio studies for the state do show a decline in the state averages between the years 1962 and 1968, there still existed a wide gap among the various classes of property. In 1962, for example, the difference between the state average for agricultural versus commercial property was 11.18 percent, by 1968 the difference between the same two classes of property was only reduced to 9.89 percent. Equalization of real property valuation, addressed by the Ohio Supreme Court through Park One in 1964, was still yet to be achieved in 1968.

The data for Richland County and Mansfield also reflected what was happening at the state level in terms of sales ratio studies. However it is important to realize that the property taxes in the Mansfield City School District increased nearly four and a half times faster than its real property valuation as a result of the passage of two school levies during this period, and not due to the effect of Park One.

PARK TWO - DECEMBER 24, 1968 - JUNE 2, 1971

The Ohio Supreme Court, through Park Two, now stipulated that

all real property must be assessed by a statewide common level of assessment and that it would no longer permit differences among counties. How did this decision affect sales ratio studies throughout the state? Table 9 (34) illustrates sales ratio averages for the state of Ohio for the years 1968 through 1971. No sales ratio averages will be presented for Richland County or Mansfield because the trends evident at the state level are similar to those at the county and city level.

TABLE 9

SALES RATIOS BY CLASSES OF REAL PROPERTY

Sales Year	Agricultural over 30 acres	Agricultural under 30 acres	Industrial	Commercial	Residential	Total
1968	25.22		39.97	35.11	34.28	33.93
1969	24.53	26.15	40.54	33.91	32.37	32.38
1970	24.11	26.56	34.33	34.61	31.09	31.25
1971	23.30	25.16	37.29	32.46	30.60	30.60

Analysis of the data indicates a continued decline in sales ratio percentages for the state as a whole as well as the individual categories of real property. However, several significant problems remained. Wide differences still existed among the four categories of real property. For example, in 1968 a difference of 14.75 percent existed between the agricultural and industrial categories of property. By 1971, the difference between the two was still 13.99 percent when utilizing the percentage for agriculture under 30 acres.

Analysis of sales ratio averages county by county continued to reveal wide differences among the categories of property contrary to the decision of Park Two.

What effect did Park Two have upon the real property tax dollars generated within the Mansfield City School District? Table 10 (35) illustrates the millege rate applied to the real property valuation for the Mansfield City School District and the resulting tax dollars produced for the years 1968 through 1971.

TABLE 10

PROPERTY TAX REVENUES FOR THE MANSFIELD CITY SCHOOLS 1968 - 1971

Year	Real Property Valuation	Mills	Taxes Produced
1968	$120,,697,760	35.50	$4,836,175
1969**	122,400,900	35.30	4,928,629
1970	123,274,380	35.20	5,016,228
1971	124,400,500	*38.00	5,544,525
Percentage of increase from 1968-1971	3.1%	7.0%	14.6%

* Additional millage through passage of school levy
** reappraisal

The tax revenues increased 14.6 percent while real property valuation in Mansfield increased only 3.1 percent. This increase of tax revenues over property valuation resulted from the passage of an additional school levy and not to the impact of Park Two.

PARK THREE - JUNE 2, 1971 and PARK FOUR-

NOVEMBER 1[illegible], 1972 - APRIL 2, 1980

Park Three, according to one author, was the clearest expression of the command to establish statewide equalization of property assessments. Park Four, on the other hand, represented the great compromise through which the state legislature was allowed to determine the precise procedure for implementing statewide equalization. Specifically, a statewide uniform assessment rate of 35 percent was to be implemented during the period from 1972 through 1977 based upon the counties sexennial reappraisal cycle. Table 11 (36) on the next page illustrates sales ratio averages for the state of Ohio for the years 1971 through 1980.

TABLE 11

SALES RATIOS BY CLASSES OF REAL PROPERTY

Sales Year	Agriculture over 30 acres	Agriculture under 30 acres	Industrial	Commercial	Residential	Total
1971	23.30	25.16	37.29	32.46	30.60	30.60
1972*	22.48	24.85	34.74	32.86	29.71	29.93
1972**	21.77	23.65	37.03	31.77	28.79	29.04
1973*	20.41	21.94	38.20	31.13	28.20	28.33
1973**	20.86	21.06	32.81	30.31	27.63	27.75
1974*	20.95	20.27	34.22	30.95	26.79	26.98
1974**	23.33	22.26	31.69	32.09	26.76	27.19
1975*	24.21	21.34	31.15	29.95	26.27	26.53
1975**	25.99	22.65	34.97	31.82	28.03	28.27
1976*	22.46	20.45	34.29	30.50	26.91	27.05
1976**	24.73	22.14	35.29	31.97	27.46	29.71
1977*	25.10	22.16	35.79	30.42	28.97	28.86
1977**	24.32	21.37	27.78	29.81	27.30	27.35
1978*	31.11	23.75	33.03	31.07	29.87	29.75
1978**	23.89	22.80	29.01	29.85	26.59	26.74
1979*	22.75	21.22	30.25	29.59	28.27	28.11
1979**	23.50	20.30	28.90	29.90	27.00	27.00
1980*	24.16	20.95	29.21	26.53	27.49	27.14
1980**	24.42	21.73	28.51	29.32	26.89	26.97

* first half of year
** second half of year

Analysis of the data continued to indicate a gradual decline in sales ratio percentages as reflected in the total combined percentage as well as among the various categories of real property. With respect to the variations among the categories of real property, a change is noted from previous data. The amount of variation or difference between and among the categories are becoming less. In 1971 the difference between the two most divergent categories, industrial and agricultural amounted to 13.99 percent, while in 1980 the most divergent categories commercial and agricultural had a difference of only 7.59 percent.

What effect did Park Three and Park Four have upon the real property tax dollars generated within the Mansfield City School district? Table 12 (37) illustrates the millege rate applied to the real property valuation for Mansfield and the resulting tax dollars produced for the years 1971 through 1980.

TABLE 12

PROPERTY TAX REVENUES FOR THE MANSFIELD CITY SCHOOLS 1971 - 1980

Year	Real Property Valuation	Mills	Taxes Produced
1971	$124,400,500	38.00	$5,544,525
1972	125,125,580	38.00	5,587,921
1973	125,674,000	38.00	5,552,447
1974	125,440,690	37.40	5,506,617
1975**	153,869,150	32.80	5,774,588
1976	152,136,840	32.40	5,662,397
1977	152,614,760	36.00*	6,329,076
1978***	186,777,110	35.43	7,450,732
1979	185,125,710	35.15	7,349,622
1980	187,525,400	44.85*	9,533,495
Percentage of increase from 1971-1980	50.7%	18.0%	71.9%

* additional millege through passage of school
** reappraisal
*** Triennial upoate

During this ten year period, real property valuation in Mansfield rose 50.7 percent while tax revenues increased 71.9 percent. Closer examination of the data, however, reveals additional significant facts. During the year of reappraisal in 1975, real property in Mansfield increased 22.7 percent, while, during the triennial update of 1978, real property in Mansfield rose another 22.4

percent. A further examination of the year of reappraisal, 1975, involving the various categories of real property in Manfield as well Richland county, reveal additional significant data as reflected in Table 13. (38)

TABLE 13

CATEGORIES OF REAL PROPERTY

Richland County

Year	Agricultural	Industrial	Commercial	Residential	Total
1974	25,764,300	42,517,280	59,950,480	195,521,670	327,753,730
1975	59,880,850	48,071,050	75,044,140	260,317,560	443,313,600
Percentage of Increase	101.2%	13.1%	25.2%	33.1%	35.3%

Mansfield

1974	266,370	8,977,360	33,640,040	82,560,920	125,440,690
1975	608,470	11,220,860	40,923,420	101,116,400	153,869,150
Percentage of Increase	128.4%	25%	21.7%	22.5%	22.7%

For Richland County, the agricultural and residential classes of real property increased at a faster rate, 134.3 percent, than the industrial and commercial classes of real property, 38.3 percent. Although the data for Mansfield are not totally identical, they are similar, 150.9 percent increase for agricultural and residential as opposed to a 46.7 percent increase for industry and commercial. These figures support the contention that the tax burden was being shifted to the agricultural - residential classes in a discriminatory manner

and away from the industrial - commercial class.

PARK FIVE - APRIL 2, 1980 - 1983

Park Five did not significantly add to or modify the command of Park Four. It dealt with the partial exemption of real property taxes on a homestead.

Legislation was soon approved, however, to provide for property tax relief through application of a tax credit. Property was to be classified into two categories, residential - agricultural and commercial - industrial. Its goal was to rectify the tax shift that resulted from the aftermath of Park Four. What effect did these changes have upon state sales ratio averages? Table 14 (39) on the next page illustrates state ratio averages by classes of real property,

TABLE 14

SALES RATIOS AVERAGES BY CLASSES OF REAL PROPERTY

Sales Year	Agriculture over30 acres	Agriculture under30 acres	Industrial	Commercial	Residential	Total
1980*	24.16	20.95	29.21	26.53	27.49	27.14
1980**	24.42	21.73	28.51	29.32	26.89	26.97
1981*	27.59	24.75	29.10	28.33	29.80	29.25
1981**	26.44	25.77	19.12	29.29	29.80	29.56
19828	28.49	29.44	24.12	30.22	31.38	31.11
1982**	32.53	32.17	22.31	29.19	31.60	31.31

* first half of year
** second half of year

Analysis of the data revealed some significant changes from previous data. For the first time, there is an increase or higher sales ratio percentage for all categories with the exception of industrial property for the period 1980 through 1982. Industrial property continued to decline throughout this period. Also industrial property had the lowest sales ratio percentage from 1980 through 1982, for the first time. Before 1981, agricultural property had held the lowest percentage. With the exception of industrial property, by 1982, the sales ratio percentages for all other categories were relatively uniform.

Table 15 (40) illustrates the millege rate applied to the real property valuation for Mansfield and the resulting tax dollars produced for the years 1980 -1983.

TABLE 15

PROPERTY TAX REVENUES FOR THE MANSFIELD CITY SCHOOLS 1980 - 1982

Year	Real Property Valuation	Mills	Taxes Produced
1980	$187,525,400	44.85	$9,533,495
1981**	244,237,510	39.70*	10,014,142
1982	240,213,890	39.70	9,621,020
1983	239,473,100	41.35	9,904,935
Percentage of increase from 1980-82	27.7%	-7.8%	3.9%

* millege reduction through expiration of levy
** reappraisal

While property valuation increased 27.7 percent due to reappraisal in 1981, revenues increased only 3.9 percent for the Mansfield City Schools. There was an actual decrease in millege due to the expiration of a maintenance levy.

SUMMARY

The purpose of this paper was to examine the effect of five Park Investment decisions on property assessment and taxation through sales ratio studies at the state level and through locally generated property taxes within the Mansfield City Schools.

Table 16 (41) illustrates sales ratio averages for Ohio in

1962 and 1982.

TABLE 16

SALES RATIO AVERAGES FOR OHIO
1962 AND 1982

Year	Agricultural		Industrial	Commercial	Residential	Total
1962	33.59		39.97 (1968)	44.77	39.45	38.65
1982*	under 30 acres	over 30 acres				
	32.53	32.17	22.31	29.19	31.60	31.33
Percent of change	-3.2%	-4.2%	-44.8%	-34.8%	-19.9%	-18.9%

* second half sales ratio studies

Analysis of the data reveals some significant facts. While all categories of real property showed a reduction in sales ratio percentages, the largest reductions were recorded by the industrial and commercial categories of real property. To review briefly, the commercial and industrial property owners were behind the Park Investment Co. in its suit to establish uniform assessment procedures. They felt that existing sales ratio statistics indicated discriminatory assessment standards. With the exception of the industrial class of real property, less variation existed among the remaining classes of real property in 1982 as opposed to 1962, again indicative that Park had an effect on equalizing property assessment practices among the classes of real property. However, the previously noted continued reduction in the industrial class of real properties

sales ratio averages warrents additional attention.

Table 17 (42) illustrates the revenues produced from the real property valuation within the Mansfield City Schools for 1962 and 1983.

TABLE 17

PROPERTY TAX REVENUES FOR THE MANSFIELD CITY SCHOOLS 1962 AND 1983

Year	Real Property Valuation	Mills	Taxes Produced
1962	$111,118,690	28.20	$3,503,748
1983	239,473,100	41.35	9,904,935
Percentage of increase	115.5%	46.6%	182.7%

While property valuations were increasing 115.5 percent from 1962 to 1983, the revenues generated from such valuation were increasing at the rate of 182.7 percent. This increase however, was not due to the effects of Park but due to the increased millege rate, from 28.20 mills in 1962 to 41.35 mills in 1983. Because of Ohio law, local governmental units do not receive a windfall from increased real property valuation with the exception of the "inside millege" which amounts to ten mills in Ohio, of which the Mansfield City School District recieves 4.4 mills.

1. Theodore, O. Finnarn, "Property Taxes and Farmers in Ohio: The Park Investment Story", The University of Toledo Law Review 7 (Spring 1976): 1135.

2. Ibid., p. 1128.

3. Robert G. Stabile, What Every Ohio Citizen Should Know About School Finance (Ohio School Boards Association, 1979), p. 21.

4. Ohio, Tax Study Commission Report, (June 1967) p. 84.

5. The Park Investment Co. v. Board of Tax Appeals , 175 O.S. 410 195 N.E. 2d 908. 1964.

6. Stabile, What Every Ohio Citizen Should Know About School Finance, p. 32.

7. Finnarn, "Property Taxes and Farmers", P. 1126.

8. Robert P. Rink, "After House Bill 920: An Analysis of Needed Real Property Tax Reform", Cleveland State Law Review 30 (1981): 172-173.

9. Stabile, What Every Ohio Citizen Should Know About School Finance, p.1.

10. Ibid. p. 33.

11. Ibid. p. 32.

12. Ohio, "Journal Entry - December 31, 1964", Journal of the Board of Tax Appeals 115 (November-December 1964) : 5.

13. Finnarn, "Property Taxes and Farmers", p. 1148.

14. Ibid. p. 1149.

15. Ibid. p. 1158-1159.

16. Ibid. p. 1163.

17. Ibid. p. 1164.

18. Lundenheimer v. Board of Tax Appeals, 41 Ohio App. 2d (1974) p. 32.

19. Finnarn, "Property Taxes and Farmers", p. 1164-1172.

20. Ibid. p. 1172-1176.

21. Ibid. p. 1179.

22. Ibid. p. 1193.

23. Rink, "After House Bill 920", p. 165.

24. Ibid. p. 158.

25. Ibid. p. 163.

26. Ibid. p. 168-174.

27. Ohio Department of Taxation, Annual Report , 1970 p. 66.

28. In the files of the Department of Tax Equalization, a handwritten note indicates that for the years 1966 and 1967, a sales ratio study was not done due to the fact that during this time, a change over to computer processing was made.

29. Ohio Division of County Affairs: Equalization Section, "Summary of Sales Ratios by Classes of Property for Years 1961, 1962, 1963, 1965, 1968, 1969."

30. Ohio Division of County Affairs Equalization Section, "Sales Ratio Study - Recapitulation of Real Property Sales Recorded During the Years 1962, 1963, 1965, 1968, and 1969".

31. Ohio Division of County Affairs Equalization Section, "Summary of Sales Ratios By Classes of Property", 1968.

32. "Abstract of Duplicate - Mansfield Real and Public Utility Property" (1962-1968).

33. Finnarn, "Property Taxes and Farmers", p. 1166.

34. Ohio Division of County Affairs Equalization Section, "Sales Ratio Study - Recapitulation of Real Property Sales Recorded During the Years 1968, 1969, 1970, 1971.

35. "Abstract of Duplicate - Mansfield Real and Public Utility Property" (1968-1971).

36. Ohio Division of County Affairs Equalization Section, "Sales Ratio Study - Recapitulation of Real Property Sales Recorded During the Years 1971-1980.

37. "Abstract of Duplicate - Mansfield Real and Public Utility Property" (1971-1980).

38. Ibid. (1974-1975).

39. Ohio Division of County Affairs Equalization Section, "Sales Ratio Study - Recapitulation of Real Property Sales Recorded During the Years 1980 - 1982.

40. "Abstract of Duplicate - Mansfield Real and Public Utility Property" (1980-1983).

41. Ohio Division of County Affairs Equalization Section, "Sales Ratio Study - Recapitulation of Real Property Sales Recorded During the Years 1962 and 1982.

42. "Abstract of Duplicate - Mansfield Real and Public Utility Property" (1962 and 1983).